GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:97
ANSWERED ON:25.07.2003
INFLATION RATE
PRABHA RAU

Will the Minister of FINANCE be pleased to state:

(a) whether the continued inflationary trends in the country has been a cause of great concern;

(b) whether the wholesale and consumer price index has been rising as a result thereof;

(c) if so, the rate of inflation during each of the last six months; and

(d) the steps taken by the Government to check the price rise and to contain inflation rate?

Answer

MINISTER OF FINANCE(Shri Jaswant Singh)

(a), (b), (c) & (d)

A Statement is placed on the Table of the House.

Statement in reply to Lok Sabha Starred Question No. 97 on Inflation Rate for July 25, 2003

(a) (b) & (c) No, Madam. The annual point to point inflation rates based on the Wholesale Price Index (WPI) and the Consumer Price Index for Industrial Workers (CPI-IW) have remained moderate during the last six months. The WPI based inflation rate decelerated from a peak of 6.3% in April 2003 to 5.3% in June. The current WPI based inflation rate for the week ended July 5, 2003 has declined further to 5.15%. Inflation rate based on the CPI-IW, also remained moderate during January - March 2003. It rose to 5.1% in April 2003, but declined to 4.7% in May this year. (Table 1)

Table 1: Annual Point to Point Inflation Rates based on WPI and CPI-IW

	WPI based inflation Rate (%)	CPI(IW) based inflation rate (%)
2003		
Jan	4.2	3.4
Feb	5.3	3.9
Mar	6.0	4.1
Apr	6.3	5.1
May	5.8	4.7
Jun	5.3	-
July5	5.1	

(d) Government`s anti inflationary policies in recent years include monetary and fiscal discipline; effective management of supply and demand for essential commodities and raw materials through liberal imports, and further strengthening of the public distribution system.

Adequate public stocks of foodgrains have ensured comfortable supply situation and have helped stabilise prices of foodgrains despite the shortfall in domestic production resulting from drought during 2002. The progress of monsoons so far this year has raised the hopes for good agricultural production during 2003-04.